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January 16, 2001

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, S. W. - Room TWB-204
Washington, D. C. 20554

Re: *Ex parte*, CC Docket No. 00-217, Application of SBC Communications Inc.,
Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region
InterLATA Services in Kansas and Oklahoma

Dear Ms. Salas:

On Tuesday, January 16, 2001, the attached letter responding to issues raised in SBC's Reply Comments concerning its December 28, 2001 *ex parte* letter was delivered to the following members of the FCC staff: Dorothy Attwood, Rebecca Beynon, Michelle Carey, Kyle Dixon, Kathy Farroba, Jordan Goldstein, Anna Gomez, Glenn Reynolds, Jane Jackson, Richard Lerner, Rhonda Lien, Deena Shetler and John Stanley. Please include a copy of this written *ex parte* letter in the above-captioned proceeding.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206 of the Commission's rules.

Sincerely,

ATTACHMENT

cc:	D. Attwood	K. Farroba	J. Jackson	J. Stanley
	R. Beynon	J. Goldstein	R. Lerner	
	M. Carey	A. Gomez	R. Lien	
	K. Dixon	G. Reynolds	D. Shetler	

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Washington, DC 20036

January 17, 2001

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20554

Ex Parte Presentation

Re : In the Matter of Joint Application by SBC et al. for Provision of In-region
InterLATA Service in Kansas and Oklahoma: CC Docket No. 00-271

Dear Ms. Salas:

This letter responds briefly to several arguments that SBC raised for the first time in its Reply Comments concerning its December 28, 2000 Ex Parte Letter, in which SBC proposes new prices for certain network elements in Kansas and Oklahoma.

First, SBC's attempt to fault AT&T for not challenging the Oklahoma O2A rates in the recent SWBT/AT&T arbitration overlooks the futility of any such challenge given the provision in the recent stipulation approving the "alt reg" rates that makes clear that those rates will not be changed for two years (and, indeed, that no proceeding seeking such changes may be initiated during that period). *See* Stipulation dated November 29, 1999 at 8; *see also* ¶ 9 (expressly stating that a party's agreement not to oppose the stipulation and the alt reg rates should not be construed as an agreement that SBC's rates are cost-based).

Second, in response to AT&T's argument that the alt reg rates cannot be found to be cost-based because of the disparity between the UNE switching and transport rates and the rates for those same elements when applied in the reciprocal compensation context, SBC responds only that because its latest proposal did not affect those elements, this existing disparity was not made any worse by the December 28th rates. SBC Reply Comments at 13. Not only does SBC fail to address the substance of AT&T's argument, its procedural attack ignores the fact that SBC had a full opportunity to respond to AT&T's arguments in its reply.

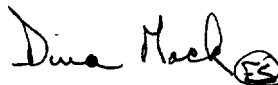
Third, the supplemental Ries/Smith affidavit, which complains that the declaration of Dr. Clarke ignores evidence of recurring cost differences between Texas and Oklahoma, is largely unresponsive to Dr. Clarke's declaration. A principal focus

of the Clarke declaration with respect to recurring rates is the unexplained disparity between Oklahoma and *Kansas*. SBC's own cost studies recognize that recurring costs in the two states are virtually the same, and that where differences exist, the costs are higher in Kansas, not Oklahoma. SBC continues to have no explanation why, given these facts, its Oklahoma rates greatly exceed its Kansas rates. Ries/Smith simply state that because Kansas and Oklahoma conducted separate proceedings, it is not surprising that the ordered UNE rates differ. But what Ries/Smith fail to explain is why Oklahoma-ordered UNE prices are so much more expensive than those ordered in Kansas when all cost studies, including those submitted by SWBT, found the cost differences to be in the reverse direction. The reason is simple: the Kansas Commission applied TELRIC principles in establishing recurring rates, and the Oklahoma Commission did not.

Fourth, Reis/Smith claim that their prior reply affidavit established that Kansas and Oklahoma NRCs cannot be compared to Texas NRCs, because "Texas disallowed installation functions associated with central office and customer premises work" while "[t]he Kansas and Oklahoma Commissions however appropriately included these very real costs in development of non-recurring charges." Reis/Smith Supp. Reply Aff. at para. 22. That is false. The Texas Commission approved SBC's proposed (and entirely unsupported) central office "COAC" charge of \$16.35, and AT&T included that charge in its NRC comparisons. The Texas Commission did reject SBC's proposed (and also unsupported) "Trip Charge," but that was entirely proper, because, as AT&T's testimony established, SBC's proposal reflected phantom "trips" that would never occur. In short, SBC has offered no legitimate explanation for the startling differences between its Kansas/Oklahoma and Texas NRCs.

Finally, it is telling that even SBC finally recognizes that it is obligated to defend the TELRIC character of its initial UNE rates. *See* SBC Supplemental Reply at 4 (SBC "is not purporting to rely on these new rates as a basis for its Joint Application"). But in the end, there is little matter. The original rates were not TELRIC-based, and because it is a naked fact that SBC's subsequent adjustments to these rates were certainly not based on any cost analysis (let alone a TELRIC analysis), there is likewise no basis to find that the discounted rates are TELRIC-compliant.

Sincerely,

A handwritten signature in black ink, appearing to read "Dina Mack", followed by a circled "PS" in the bottom right corner.

Dina Mack
Senior Attorney

cc:	D. Attwood	K. Farroba	R. Lerner	J. Stanley
	R. Beynon	J. Goldstein	R. Lien	
	M. Carey	A. Gomez	G. Reynolds	
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